

**February 2015 Update to Consensus Revenue Estimate**  
**House Appropriations and Finance Committee and the Senate Finance Committee**  
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**February 4, 2015**

**Summary:**

- The consensus revenue estimating group (Legislative Finance Committee, Department of Finance and Administration, Taxation and Revenue Department, and Department of Transportation) met and reached consensus on the revenue estimates presented in this brief.
- Analysts considered new information available since the December estimate, including further declines in oil and gas prices, additional year-to-date tax revenue collection data, both actual and preliminary, and updated forecasts from national and state-level forecasting services.
- Compared with the December 2014 forecast, the FY15 recurring revenue estimate was revised downward by \$5.3 million to \$6.11 billion and the FY16 revenue estimate was revised downward by \$57.8 million to \$6.23 billion. Table 1 compares the February and December consensus revenue totals.
- Attachment 1 shows, in detail, general fund revenue revisions from December 2014, to February 2015.
- FY14-ending reserve balances are estimated at \$709 million, or 12 percent of recurring appropriations. After considering the LFC appropriation recommendation, projected FY15-ending reserve balances are \$495 million, or 8 percent of recurring appropriations. Projected FY16-ending balances are \$496 million (8 percent). Attachment 2 shows the general fund financial summary.
- “New Money” in FY16, defined as FY16 projected recurring revenue less FY15 recurring appropriations, is projected to be \$83 million, or 1.3 percent of FY15 recurring appropriations.
- Attachment 4 shows the historical 18-month and 6-month revenue estimating error.

**Table 1**  
**August 2014 Consensus General Fund Recurring Revenue Outlook**  
(in millions of dollars)

	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17</b>
December 2014 Consensus	\$6,040	\$6,120	\$6,292	\$6,572
February 2015 Adjustments	\$0	(\$5)	(\$58)	(\$50)
<b>February 2015 Consensus</b>	<b>\$6,040</b>	<b>\$6,115</b>	<b>\$6,234</b>	<b>\$6,522</b>
Annual amount change	\$332	\$75	\$120	\$288
Annual percent change	5.8%	1.2%	2.0%	4.6%

**Energy-Related Revenues:**

- Oil prices continued their decline since December, with West Texas Intermediate (WTI) prices reaching as low as \$43.50 before rebounding in recent days. Natural gas prices (for dry gas) have declined to less than \$2.80 per million BTU, from nearly \$4.50 in November.
- The Energy Information Administration and the forecasting services subscribed to by the revenue estimating group updated their commodity price outlooks. These, along with additional actual New

Mexico price and production data from ONGARD were considered in updating oil and gas prices and volume forecasts (See Attachment 3).

- The FY15 oil price estimate was lowered from \$71 per barrel (bbl) to \$61/bbl, and the FY16 oil price estimate was lowered from \$66/bbl to \$56/bbl. New Mexico prices assume a differential from WTI prices of approximately \$4/bbl.
- The FY15 natural gas price estimate was reduced from \$4.90 per thousand cubic feet (mcf) to \$4.30/mcf. The FY16 natural gas price estimate was reduced from \$4.90/mcf to \$4.10/mcf.
- New Mexico natural gas prices to see gains above Henry Hub dry gas prices due to high prices paid for natural gas liquids. This NGL premium is estimated to be approximately \$0.60/mcf.
- The reductions in energy prices contributed to the decline in several revenue sources, including mineral production taxes (oil and gas emergency school tax, oil and gas conservation tax), federal mineral leasing royalties, and State Land Office rental and bonus income.
- In total, the FY16 revenue estimates for severance taxes and rents and royalties were reduced by approximately \$140 million.

**Other Revenues:**

- The reduction in energy-related revenues was partially offset by strength in broad-based taxes including the gross receipts tax (GRT), the compensating tax, personal income tax (PIT), and corporate income tax (CIT).
- LFC, TRD and DOT subscribe to the Bureau of Business and Economic Research (BBER) for state-level economic forecasts. The January BBER forecast was marginally stronger than the October forecast (see Attachment 3).
- DFA subscribes to Moody's for national and state-level forecasts, and its forecast shows increases compared with the October forecast for such economic indicators as employment, personal income, and wage and salary disbursement growth.
- These forecasts are supported by year-to-date strength in revenue collections for these tax programs, all of which are on pace to exceed the December forecast levels. As such, analysts increased the revenue estimates for GRT, compensating tax, PIT, and CIT (Attachment 1).
- Increases to the FY16 estimates for these broad-based tax revenues totaled \$75 million.
- The FY15 GRT-revenue estimate is buoyed by year-to-date strength. Downside pressure from a projected reduction in drilling activity driven by reduced energy prices is estimated to be offset by increased consumer expenditures due to spending less of their income on gasoline thanks to low prices.
- Compensating tax revenue is showing current-year strength, diminishing in out years as compensating tax associated with the extractive industry is expected to decline.

- The personal income tax revenue estimate is supported by current-fiscal-year-to-date strength in withholding tax revenue and recent positive employment reports from the New Mexico Workforce Solutions Department.
- Corporate income tax revenue is supported by strong year-to-date collections and a modest increase in Congressional Budget Office estimates for federal corporate income tax receipts in federal fiscal years 16-19.
- Strong year-to-date collections in motor vehicle excise tax contributed to a modest increase in that revenue source for FY15 and FY16.
- Finally, the 2014 year-end market value of the Land Grant Permanent Fund (LGPF) became known, and was higher than initially estimated. The higher 5-year average of year-end market values, paired with an increased share of the LGPF distribution that goes to the general fund contributed to a modest increase in the LGPF distribution estimate for FY16 and onward.

**General Fund Consensus Revenue Estimate February 2015**

**Attachment 1**

	FY14			FY15			FY16					
	%	\$	Change from FY13	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	% Change from FY14	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	Change from FY15	
Gross Receipts Tax	1,992.0	3.9%	74.4	2,090.0	2,129.0	39.0	6.9%	137.0	2,195.0	2,235.5	40.5	5.0%
Compensating Tax	78.4	53.9%	27.5	63.9	75.0	11.1	-4.3%	(3.4)	65.9	69.5	3.6	-7.3%
<b>TOTAL GENERAL SALES</b>	<b>2,070.4</b>	<b>5.2%</b>	<b>101.8</b>	<b>2,153.9</b>	<b>2,204.0</b>	<b>50.1</b>	<b>6.5%</b>	<b>133.6</b>	<b>2,260.9</b>	<b>2,305.0</b>	<b>44.1</b>	<b>4.6%</b>
Tobacco Taxes	78.5	-8.8%	(7.6)	79.0	79.0	-	0.7%	0.5	78.1	78.1	-	-1.1%
Liquor Excise	26.4	0.4%	0.1	26.7	26.7	-	1.3%	0.3	6.7	6.7	-	-74.9%
Insurance Taxes	115.1	7.0%	7.5	140.0	140.0	-	21.7%	24.9	183.0	183.0	-	30.7%
Fire Protection Fund Reversion	16.1	-12.2%	(2.2)	14.9	14.9	-	-7.4%	(1.2)	13.8	13.8	-	-7.4%
Motor Vehicle Excise	133.3	6.2%	7.8	141.3	143.3	2.0	7.5%	10.0	145.6	146.6	1.0	2.3%
Gaming Excise	66.5	5.4%	3.4	67.9	67.9	-	2.2%	1.4	68.1	68.1	-	0.3%
Leased Vehicle Surcharge	5.2	4.7%	0.2	5.2	5.2	-	-0.1%	(0.0)	5.2	5.2	-	0.0%
Other	2.9	-217.5%	5.4	1.1	1.1	-	-64.3%	(1.9)	2.4	2.4	-	128.6%
<b>TOTAL SELECTIVE SALES</b>	<b>443.9</b>	<b>4.3%</b>	<b>14.7</b>	<b>476.1</b>	<b>478.1</b>	<b>2.0</b>	<b>7.7%</b>	<b>34.2</b>	<b>502.9</b>	<b>503.9</b>	<b>1.0</b>	<b>5.4%</b>
Personal Income Tax	1,254.9	1.1%	14.0	1,305.0	1,315.0	10.0	4.8%	60.1	1,345.0	1,360.0	15.0	3.4%
Corporate Income Tax	1,96.8	-26.3%	(70.4)	215.0	230.0	15.0	16.9%	33.2	210.0	225.0	15.0	-2.2%
<b>TOTAL INCOME TAXES</b>	<b>1,451.7</b>	<b>-3.7%</b>	<b>(56.4)</b>	<b>1,520.0</b>	<b>1,545.0</b>	<b>25.0</b>	<b>6.4%</b>	<b>93.3</b>	<b>1,555.0</b>	<b>1,585.0</b>	<b>30.0</b>	<b>2.6%</b>
Oil and Gas School Tax	500.7	31.8%	120.8	421.1	370.0	(51.1)	-26.1%	(130.7)	408.6	347.0	(61.6)	-6.2%
Oil Conservation Tax	27.2	31.1%	6.5	22.7	20.0	(2.7)	-26.6%	(7.2)	22.1	19.0	(3.1)	-5.0%
Resources Excise Tax	13.0	-3.5%	(0.5)	12.7	12.7	-	-2.4%	(0.3)	12.7	12.7	-	0.0%
Natural Gas Processors Tax	16.2	-33.1%	(8.0)	19.0	19.0	-	17.3%	2.8	21.0	20.0	(1.0)	5.3%
<b>TOTAL SEVERANCE TAXES</b>	<b>557.1</b>	<b>27.1%</b>	<b>118.8</b>	<b>475.5</b>	<b>421.7</b>	<b>(53.8)</b>	<b>-24.3%</b>	<b>(135.4)</b>	<b>464.4</b>	<b>398.7</b>	<b>(65.7)</b>	<b>-5.5%</b>
LICENSE FEES	51.7	3.3%	1.7	51.6	51.6	-	-0.1%	(0.1)	51.8	51.8	-	0.3%
LGPF Interest	449.4	1.9%	8.5	496.2	496.2	-	10.4%	46.8	545.6	553.2	7.6	11.5%
STO Interest	19.0	28.9%	4.3	15.0	15.0	-	-21.0%	(4.0)	35.0	35.0	-	133.3%
STPF Interest	170.5	-3.2%	(5.7)	182.7	182.7	-	7.2%	12.2	193.6	193.6	-	6.0%
<b>TOTAL INTEREST</b>	<b>638.9</b>	<b>1.1%</b>	<b>7.1</b>	<b>693.9</b>	<b>693.9</b>	<b>-</b>	<b>8.6%</b>	<b>55.0</b>	<b>774.2</b>	<b>781.8</b>	<b>7.6</b>	<b>12.7%</b>
Federal Mineral Leasing	569.9	24.0%	110.2	532.0	510.0	(22.0)	-10.5%	(59.9)	487.0	420.0	(67.0)	-17.6%
State Land Office	47.5	6.4%	2.8	47.5	40.9	(6.6)	-13.9%	(6.6)	47.5	39.7	(7.8)	-2.8%
<b>TOTAL RENTS &amp; ROYALTIES</b>	<b>617.3</b>	<b>22.4%</b>	<b>113.1</b>	<b>579.5</b>	<b>550.9</b>	<b>(28.6)</b>	<b>-10.8%</b>	<b>(66.4)</b>	<b>534.5</b>	<b>459.7</b>	<b>(74.8)</b>	<b>-16.5%</b>
TRIBAL REVENUE SHARING	67.6	-4.4%	(3.1)	70.0	70.0	-	3.6%	2.4	53.3	53.3	-	-23.9%
MISCELLANEOUS RECEIPTS	45.0	9.1%	3.7	46.6	46.6	-	3.5%	1.6	49.9	49.9	-	7.2%
REVERSIONS	96.5	46.8%	30.8	53.0	53.0	-	-45.1%	(43.5)	45.0	45.0	-	-15.1%
<b>TOTAL RECURRING</b>	<b>6,040.1</b>	<b>5.8%</b>	<b>332.1</b>	<b>6,120.0</b>	<b>6,114.7</b>	<b>(5.3)</b>	<b>1.2%</b>	<b>74.6</b>	<b>6,291.9</b>	<b>6,234.1</b>	<b>(57.8)</b>	<b>2.0%</b>
<b>TOTAL NON-RECURRING</b>	<b>0.4</b>	<b>-35.2%</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-100.0%</b>	<b>(0.4)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>na</b>
<b>GRAND TOTAL</b>	<b>6,040.5</b>	<b>5.8%</b>	<b>331.9</b>	<b>6,120.0</b>	<b>6,114.7</b>	<b>(5.3)</b>	<b>1.2%</b>	<b>74.2</b>	<b>6,291.9</b>	<b>6,234.1</b>	<b>(57.8)</b>	<b>2.0%</b>
												<b>119.4</b>

## General Fund Consensus Revenue Estimate February 2015

### Attachment 1

	FY17						FY18						FY19					
	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	Change from FY16	Change from FY16	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	Change from FY17	Change from FY17	Dec 2014 Est.	Feb 2015 Est.	Change from Prior	Change from FY18	Change from FY18	%	\$	
Gross Receipts Tax	2,292.0	2,333.8	41.8	4.4%	98.4	2,384.0	2,427.2	43.2	4.0%	93.4	2,483.0	2,529.1	46.1	4.2%	101.9			
Compensating Tax	70.4	75.7	5.3	8.9%	6.2	70.5	74.9	4.4	-1.1%	(0.8)	72.7	73.4	0.7	-2.0%	(1.5)			
<u>TOTAL GENERAL SALES</u>	<u>2,362.4</u>	<u>2,409.5</u>	<u>47.2</u>	<u>4.5%</u>	<u>104.6</u>	<u>2,454.5</u>	<u>2,502.1</u>	<u>47.6</u>	<u>3.8%</u>	<u>92.6</u>	<u>2,555.7</u>	<u>2,602.5</u>	<u>46.8</u>	<u>4.0%</u>	<u>100.4</u>			
Tobacco Taxes	77.4	77.4	-	-0.9%	(0.7)	76.4	76.4	-	-1.3%	(1.0)	75.7	75.7	-	-0.9%	(0.7)			
Liquor Excise	6.9	6.9	-	3.0%	0.2	26.1	26.1	-	278.3%	19.2	28.9	28.9	-	10.7%	2.8			
Insurance Taxes	213.0	213.0	-	16.4%	30.0	226.0	226.0	-	6.1%	13.0	237.0	237.0	-	4.9%	11.0			
Fire Protection Fund Reversion	12.8	12.8	-	-7.2%	(1.0)	11.9	11.9	-	-7.0%	(0.9)	10.7	10.7	-	-10.1%	(1.2)			
Motor Vehicle Excise	149.9	149.9	-	2.3%	3.3	152.9	152.9	-	2.0%	3.0	156.0	156.0	-	2.0%	3.1			
Gaming Excise	68.3	68.3	-	0.3%	0.2	68.5	68.5	-	0.3%	0.2	68.8	68.8	-	0.4%	0.3			
Leased Vehicle Surcharge	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-	5.2	5.2	-	0.0%	-			
Other	2.4	2.4	-	0.0%	-	2.4	2.4	-	0.0%	-	2.4	2.4	-	0.0%	-			
<u>TOTAL SELECTIVE SALES</u>	<u>535.9</u>	<u>535.9</u>	<u>-</u>	<u>6.4%</u>	<u>32.0</u>	<u>569.4</u>	<u>569.4</u>	<u>-</u>	<u>6.3%</u>	<u>33.5</u>	<u>584.7</u>	<u>584.7</u>	<u>-</u>	<u>2.7%</u>	<u>15.3</u>			
Personal Income Tax	1,405.0	1,405.0	-	3.3%	45.0	1,465.0	1,453.0	(12.0)	3.4%	48.0	1,530.0	1,505.0	(25.0)	3.6%	52.0			
Corporate Income Tax	217.0	235.0	18.0	4.4%	10.0	175.0	200.0	25.0	-14.9%	(35.0)	163.0	180.0	17.0	-10.0%	(20.0)			
<u>TOTAL INCOME TAXES</u>	<u>1,622.0</u>	<u>1,640.0</u>	<u>18.0</u>	<u>3.5%</u>	<u>55.0</u>	<u>1,640.0</u>	<u>1,653.0</u>	<u>13.0</u>	<u>0.8%</u>	<u>13.0</u>	<u>1,693.0</u>	<u>1,685.0</u>	<u>(8.0)</u>	<u>1.9%</u>	<u>32.0</u>			
Oil and Gas School Tax	435.1	387.0	(48.1)	11.5%	40.0	454.5	412.0	(42.5)	6.5%	25.0	471.6	437.0	(34.6)	6.1%	25.0			
Oil Conservation Tax	23.8	21.0	(2.8)	10.5%	2.0	24.9	23.0	(1.9)	9.5%	2.0	26.0	24.0	(2.0)	4.3%	1.0			
Resources Excise Tax	12.7	12.7	-	0.0%	-	12.7	12.7	-	0.0%	-	12.7	12.7	-	0.0%	-			
Natural Gas Processors Tax	19.0	16.0	(3.0)	-20.0%	(4.0)	18.6	16.0	(2.6)	0.0%	-	17.9	15.0	(2.9)	-6.3%	(1.0)			
<u>TOTAL SEVERANCE TAXES</u>	<u>490.6</u>	<u>436.7</u>	<u>(53.9)</u>	<u>9.5%</u>	<u>38.0</u>	<u>510.7</u>	<u>463.7</u>	<u>(47.0)</u>	<u>6.2%</u>	<u>27.0</u>	<u>528.2</u>	<u>488.7</u>	<u>(39.5)</u>	<u>5.4%</u>	<u>25.0</u>			
LICENSE FEES	51.9	51.9	-	0.2%	0.1	52.0	52.0	-	0.1%	0.1	52.0	52.0	-	0.1%	0.0			
LGPF Interest	540.2	547.2	7.0	-1.1%	(6.0)	595.1	602.0	7.0	10.0%	54.8	648.1	654.7	6.6	8.8%	52.7			
STO Interest	65.0	65.0	-	85.7%	30.0	75.0	75.0	-	15.4%	10.0	80.0	80.0	-	6.7%	5.0			
STPF Interest	203.5	203.5	-	5.1%	9.8	216.6	216.6	-	6.4%	13.1	227.2	227.2	-	4.9%	10.7			
<u>TOTAL INTEREST</u>	<u>808.7</u>	<u>815.7</u>	<u>7.0</u>	<u>4.3%</u>	<u>33.9</u>	<u>886.6</u>	<u>893.6</u>	<u>7.0</u>	<u>9.6%</u>	<u>77.9</u>	<u>955.3</u>	<u>961.9</u>	<u>6.6</u>	<u>7.6%</u>	<u>68.4</u>			
Federal Mineral Leasing	505.0	445.0	(60.0)	6.0%	25.0	528.0	480.0	(48.0)	7.9%	35.0	550.0	505.0	(45.0)	5.2%	25.0			
State Land Office	47.5	39.7	(7.8)	-0.1%	(0.0)	47.0	40.9	(6.1)	2.9%	1.2	47.0	43.1	(3.9)	5.4%	2.2			
<u>TOTAL RENTS &amp; ROYALTIES</u>	<u>552.5</u>	<u>484.7</u>	<u>(67.8)</u>	<u>5.4%</u>	<u>25.0</u>	<u>575.0</u>	<u>520.9</u>	<u>(54.1)</u>	<u>7.5%</u>	<u>36.2</u>	<u>597.0</u>	<u>548.1</u>	<u>(48.9)</u>	<u>5.2%</u>	<u>27.2</u>			
TRIBAL REVENUE SHARING	56.2	56.2	-	5.4%	2.9	58.4	58.4	-	3.9%	2.2	60.5	60.5	-	3.6%	2.1			
MISCELLANEOUS RECEIPTS	52.2	52.2	-	4.5%	2.2	53.0	53.0	-	1.6%	0.9	53.9	53.9	-	1.6%	0.9			
REVERSIONS	40.0	40.0	-	-11.1%	(5.0)	40.0	40.0	-	0.0%	-	40.0	40.0	-	0.0%	-			
<u>TOTAL RECURRING</u>	<u>6,572.3</u>	<u>6,522.7</u>	<u>(49.5)</u>	<u>4.6%</u>	<u>288.6</u>	<u>6,839.6</u>	<u>6,806.0</u>	<u>(33.6)</u>	<u>4.3%</u>	<u>283.2</u>	<u>7,120.3</u>	<u>7,077.3</u>	<u>(43.0)</u>	<u>4.0%</u>	<u>271.3</u>			
<u>TOTAL NON-RECURRING</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>na</u>	<u>-</u>	<u>-</u>	<u>na</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>na</u>	<u>-</u>	<u>na</u>			
<u>GRAND TOTAL</u>	<u>6,572.3</u>	<u>6,522.7</u>	<u>(49.5)</u>	<u>4.6%</u>	<u>288.6</u>	<u>6,839.6</u>	<u>6,806.0</u>	<u>(33.6)</u>	<u>4.3%</u>	<u>283.2</u>	<u>7,120.3</u>	<u>7,077.3</u>	<u>(43.0)</u>	<u>4.0%</u>	<u>271.3</u>			

**Attachment 2 - General Fund Financial Summary: February 2015 Consensus Revenue Estimate**  
 (in millions of dollars)

February 4, 2015	<b>Unaudited Actual FY2014</b>	<b>Estimated FY2015</b>	<b>Estimated FY2016</b>
<b><u>APPROPRIATION ACCOUNT</u></b>			
<b>REVENUE</b>			
Recurring Revenue			
December 2014 Consensus Forecast	\$ 6,040.1	\$ 6,120.0	\$ 6,291.9
February 2015 Consensus Revenue Update	\$ (5.3)	\$ (57.8)	
2014 Legislation	\$ -	\$ -	\$ -
Total Recurring Revenue	<u>\$ 6,040.1</u>	<u>\$ 6,114.7</u>	<u>\$ 6,234.1</u>
Nonrecurring Revenue			
December 2014 Consensus Forecast	\$ 0.4	\$ -	\$ -
February 2015 Consensus Revenue Update	\$ -	\$ -	
2015 Legislation (1)	\$ (0.5)	\$ -	
Total Non-Recurring Revenue	<u>\$ 0.4</u>	<u>\$ (0.5)</u>	<u>\$ -</u>
<b>TOTAL REVENUE</b>	<b><u>\$ 6,040.5</u></b>	<b><u>\$ 6,114.2</u></b>	<b><u>\$ 6,234.1</u></b>
<b>APPROPRIATIONS</b>			
Recurring Appropriations			
General Appropriation	\$ 5,899.0	\$ 6,151.2	\$ 6,234.1
2014 Audit Adjustment	\$ (10.0)		
2015 Legislative Session Costs - Feed Bill	\$ 10.1		
Total Recurring Appropriations	<u>\$ 5,889.0</u>	<u>\$ 6,161.3</u>	<u>\$ 6,234.1</u>
Nonrecurring Appropriations			
Prior Year Appropriations	\$ 41.7	\$ 13.4	
2014 Audit Adjustment (2)	\$ (4.5)	\$ 3.0	
2015 Deficiencies, Supplementals, Specials (3)	\$ 153.9	\$ -	
2015 IT Appropriations	\$ 12.0	\$ -	
Total Nonrecurring Appropriations	<u>\$ 37.2</u>	<u>\$ 182.3</u>	<u>\$ -</u>
<b>TOTAL APPROPRIATIONS</b>	<b><u>\$ 5,926.2</u></b>	<b><u>\$ 6,343.6</u></b>	<b><u>\$ 6,234.1</u></b>
Transfer to (from) Reserves	\$ 114.4	\$ (229.4)	\$ -
<b>GENERAL FUND RESERVES</b>			
Beginning Balances	\$ 671.4	\$ 708.8	\$ 495.4
Transfers from (to) Appropriations Account	\$ 114.4	\$ (229.4)	\$ -
Revenue and Reversions	\$ 73.9	\$ 69.4	\$ 57.2
Appropriations, Expenditures and Transfers Out	\$ (150.8)	\$ (53.5)	\$ (56.1)
<b>Ending Balances</b>	<b>\$ 708.8</b>	<b>\$ 495.4</b>	<b>\$ 496.4</b>
<i>Reserves as a Percent of Recurring Appropriations</i>	<i>12.0%</i>	<i>8.0%</i>	<i>8.0%</i>

**Notes:**

- (1) Special appropriation to the State Land Office (SLO) from other state funds reduces SLO general fund revenue distribution.
- (2) Reduction in 2014: \$3 million special education maintenance of effort contingency available for expenditure in FY15; and \$1.5 million to the Public Education Department for school bus fuel not expended.
- (3) 2015 potential deficiency appropriations include \$73.1 million to the Human Services Department for Medicaid receivables.

**Attachment 2 - General Fund Financial Summary: February 2015 Consensus Revenue Estimate**  
**RESERVE DETAIL**  
(in millions of dollars)

	Unaudited Actual FY2014	Estimated FY2015	Estimated FY2016
<b>OPERATING RESERVE</b>			
Beginning Balance	\$ 327.1	\$ 345.8	\$ 99.4
BOF Emergency Appropriations/Reversions	\$ (1.0)	\$ (2.0)	\$ -
Contingent Liability - Cash Management (1)	\$ (31.7)	\$ -	\$ -
Transfers from/to Appropriation Account	\$ 114.4	\$ (229.4)	\$ -
Contingent Liability for PED MOE (HB2 & HB628) (2)	\$ (46.0)	\$ -	\$ -
Transfer to ACF/Other Appropriations	\$ (17.0)	\$ (15.0)	\$ -
Ending Balance	\$ 345.8	\$ 99.4	\$ 99.4
<b>APPROPRIATION CONTINGENCY FUND</b>			
Beginning Balance	\$ 16.4	\$ 18.4	\$ 16.9
Disaster Allotments	\$ (19.2)	\$ (16.0)	\$ (16.0)
Other Appropriations	\$ -	\$ (0.5)	\$ -
Transfers In	\$ 17.0	\$ 15.0	\$ -
Revenue and Reversions	\$ 4.2	\$ -	\$ -
Ending Balance	\$ 18.4	\$ 16.9	\$ 0.9
<b>Education Lock Box</b>			
Beginning Balance	\$ 9.1	\$ 3.1	\$ 3.1
Appropriations	\$ (6.0)	\$ -	\$ -
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ 3.1	\$ 3.1	\$ 3.1
Total of Appropriation Contingency Fund	\$ 21.5	\$ 20.0	\$ 4.0
<b>STATE SUPPORT FUND</b>			
Beginning Balance	\$ 1.0	\$ 1.0	\$ 1.0
Revenues	\$ -	\$ -	\$ -
Appropriations	\$ -	\$ -	\$ -
Ending Balance	\$ 1.0	\$ 1.0	\$ 1.0
<b>TOBACCO PERMANENT FUND</b>			
Beginning Balance	\$ 170.3	\$ 193.1	\$ 227.5
Transfers In (3)	\$ 21.1	\$ 39.9	\$ 40.1
Appropriation to Tobacco Settlement Program Fund	\$ (10.6)	\$ (20.0)	\$ (20.1)
Gains/Losses	\$ 31.5	\$ 14.5	\$ 17.1
Additional Transfers from TSPF (4)	\$ (19.3)	\$ -	\$ (20.1)
Ending Balance	\$ 193.1	\$ 227.5	\$ 244.6
<b>TAX STABILIZATION RESERVE</b>			
Beginning Balance	\$ 147.5	\$ 147.5	\$ 147.5
Transfers In	\$ -	\$ -	\$ -
Ending Balance	\$ 147.5	\$ 147.5	\$ 147.5
<b>GENERAL FUND ENDING BALANCES</b>			
Percent of Recurring Appropriations	12.0%	8.0%	8.0%

**Notes:**

(1) \$31.7 million contingent liability in FY13 in addition to the previously identified \$70 million contingent liability in FY12 for SHARE reconciliation to the cash account.

(2) The FY13 general fund audit includes restricted operating reserves of \$20 million for the Public Education Department contingent on appropriations in the General Appropriation Acts of 2012 and 2013 being insufficient to meet federal special education maintenance of effort (MOE) requirements. The remaining \$26 million are FY14 contingent liabilities for MOE.

(3) After the reduction, the FY14 Tobacco Master Settlement Agreement (MSA) payment is \$21.1 million. The transfer shown in FY15 assumes no reduction.

(4) Additional transfer in FY16 is contingent on passage of legislation.

### Attachment 3 - U.S. and New Mexico Economic Indicators

		FY14 Actuals	FY15 Dec14 Forecast	FY16 Feb15 Forecast	FY17 Dec15 Forecast	FY18 Feb15 Forecast	FY19 Dec14 Forecast	FY19 Feb15 Forecast
<b>National Economic Indicators</b>								
GI	US Real GDP Growth (annual avg., % YOY)*	2.5	2.7	3.1	2.5	2.9	3.0	2.4
Moody's	US Real GDP Growth (annual avg., % YOY)*	2.5	2.7	3.2	3.6	3.2	3.2	2.7
GI	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	1.6	0.6	1.3	1.5	2.3	2.1
Moody's	US Inflation Rate (CPI-U, annual avg., % YOY)**	1.6	1.7	1.2	2.1	1.9	2.6	2.5
GI	Federal Funds Rate (%)	0.08	0.15	0.15	0.91	0.91	2.46	2.8
Moody's	Federal Funds Rate (%)	0.08	0.10	0.11	1.06	1.05	3.06	3.93
<b>New Mexico Labor Market and Income Data</b>								
BBER	NM Non-Agricultural Employment Growth	0.5	0.9	0.9	1.3	1.2	1.3	1.1
Moody's	NM Non-Agricultural Employment Growth	0.0	0.5	1.8	1.4	1.7	1.5	1.0
BBER	NM Nominal Personal Income Growth (%)***	0.5	3.0	3.5	4.1	3.9	4.5	4.8
Moody's	NM Nominal Personal Income Growth (%)***	0.5	2.5	3.6	2.6	3.0	4.2	3.9
BBER	NM Total Wages & Salaries Growth (%)	1.7	3.5	3.6	3.9	3.9	4.2	4.7
Moody's	NM Total Wages & Salaries Growth (%)	1.7	2.3	3.3	4.7	4.7	4.9	4.1
BBER	NM Private Wages & Salaries Growth (%)	2.4	4.3	4.4	4.5	4.5	4.7	4.4
BBER	NM Real Gross State Product (% YOY)	1.7	2.5	2.6	2.5	2.6	3.0	3.1
Moody's	NM Real Gross State Product (% YOY)	1.4	1.1	1.3	2.5	2.5	2.1	1.9
CREG	NM Oil Price (\$/barrel)	\$95.14	\$71.00	\$61.00	\$66.00	\$56.00	\$72.00	\$56.00
CREG	NM Taxable Oil Volumes (million barrels)	113.4	122.0	125.0	127.0	128.0	131.0	133.0
CREG	NM Taxable Oil Volumes (% YOY growth)	20.4%	10.9%	10.2%	4.1%	2.4%	3.1%	1.5%
CREG	NM Gas Price (\$ per thousand cubic feet)****	\$5.13	\$4.90	\$4.30	\$4.90	\$4.10	\$4.95	\$4.30
CREG	NM Taxable Gas Volumes (billion cubic feet)	1.187	1.181	1.181	1.150	1.118	1.118	1.088
CREG	NM Taxable Gas Volumes (% YOY growth)	1.0%	0.9%	-0.5%	-2.6%	-2.6%	-2.8%	-2.7%

LFC, TRD Notes

\*Real GDP is BEA chained 2009 dollars, billions, annual rate

\*\* CPI is all urban, BLS 1982-84=1.00 base

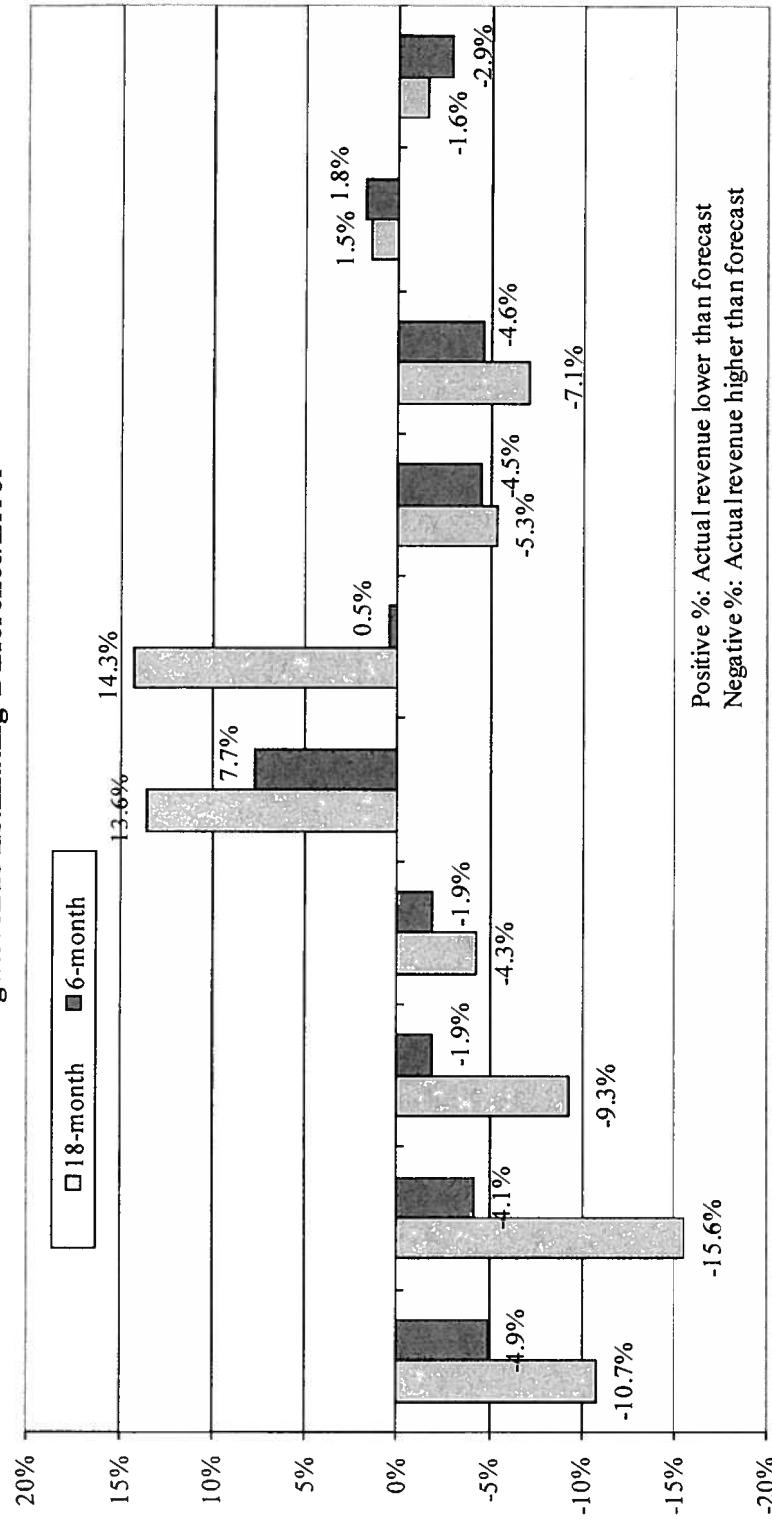
\*\*\*Nominal Personal Income growth rates are for the calendar year in which each fiscal year begins  
Sources: BBER - January 2015 FOR-UNM baseline. Global Insight - January 2015 baseline.

DFA Notes

\*\*\*\*The gas prices are estimated using a formula of NYMEX, EIA, and Moody's (January) future prices as well as a liquid premium based on oil price forecast  
Sources: Moody's Analytics, January baseline forecast for national and New Mexico data.

#### Attachment 4

Recurring Revenue Estimating Difference/Error



Source: LFC files